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TO LARRY EAGLEBURGER FOR SEC KISSINGER

JANUARY 15, 1974

TO: HENRY A. KISSINGER
FROM: BRENT SCOWCROFT

FORMULATING THE APPROPRIATE INTERAGENCY BODIES FOR THE MANAGEMENT OF THE INTERNATIONAL ASPECTS OF ENERGY IS PROVING TO BE QUITE A CHORE. IT IS NOT GOING TO BE POSSIBLE TO DO IT IN A MANNER WHICH WILL MEET WITH THE SATISFACTION OF ALL THE MAJOR PARTICIPANTS.

FORMULATED BELOW ARE TWO ALTERNATIVE DRAFT NSDM'S. OPTION A CORRESPONDS TO THE GUIDANCE YOU GAVE ME BEFORE YOU LEFT-- A POLICY COMMITTED UNDER COOPER, AND THE UNDER SECRETARIES' COMMITTEE, CHAIRED BY DONALDSON, FOR OPERATIONAL ASPECTS. THERE ARE AT LEAST THREE TROUBLESOME ASPECTS OF THIS OPTION. FIRST, THERE IS NO INDICATION AS TO WHOM THE GROUP IS RESPONSIBLE. THIS I LEFT DELIBERATELY UNCLEAR IN DEFERENCE TO THE SENSIBILITIES OF SHULTZ AND SIMON. ANOTHER CONSIDERATION IS THAT THIS SET UP WOULD REMOVE RUSH FROM CHAIRMANSHIP OF THE UNDER SECRETARIES' COMMITTEE, THE FIRST TIME THIS HAS BEEN DONE FOR ANY PURPOSE, TO MY KNOWLEDGE. ANOTHER TROUBLESOME ASPECT IS THAT SINCE THE MEMBERSHIP OF THE TWO GROUPS WOULD BE VIRTUALLY IDENTICAL, THERE IS SOME DOUBT ABOUT THE UTILITY OF HAVING TWO SEPARATE BUREAUCRATIC ORGANIZATIONS.

OPTION B IS A PROPOSAL PROVIDED BY BILL DONALDSON WITH WIN LORD INPUT. IT SOLVES TWO OF THE PROBLEMS APPARENT IN OPTION A. THE GOVERNING BODY IS ESSENTIALLY THE SRG WITH ADDED PARTICIPANTS, UNDER YOUR CHAIRMANSHIP. THE REACTION OF SHULTZ, SIMON AND FLANIGAN TO THIS ARRANGEMENT IS PROBLEMATIC. SINCE THE UNDER SECRETARIES'

*****WHSR COMMENT*****

SCOWCROFT, MCFARLANE

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ON-FILE NSC RELEASE INSTRUCTIONS
APPLY

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COMMITTEE IS NOT UTILIZED, THE PROBLEM OF ITS CHAIRMANSHIP FOR ENERGY PURPOSES DOES NOT ARISE. OPTION B, HOWEVER, CREATES THREE SEPARATE BUREAUCRACIES TO DEAL WITH THE PROBLEM, A SETUP WHICH COULD PROVE TO BE QUITE CUMBERSOME.

SIMON IS APPARENTLY UNDER THE IMPRESSION THAT YOU TWO AGREED THAT THE COOPER GROUP IN OPTION A WOULD WORK GENERALLY UNDER HIS SUPERVISION. HE IS OPPOSED TO A LARGE BUREAUCRATIC STRUCTURE AND COULD BE EXPECTED TO OBJECT MILDLY TO THE UNDER SECRETARIES' COMMITTEE IN OPTION A AND MORE STRONGLY TO THE THREE COMMITTEES IN OPTION B. FLANIGAN APPARENTLY THINKS COOPER'S GROUP WOULD REPORT TO YOU, SHULTZ, AND HIM.

I THINK THE IDEAL ORGANIZATION WOULD BE A VERIFICATION PANEL-TYPE GROUP CHAIRED BY YOU WITH A WORKING GROUP TO CONDUCT THE ACTUAL EFFORT. THAT DOES NOT APPEAR FEASIBLE, HOWEVER, AND I THEREFORE LEAN SLIGHTLY TOWARD OPTION A, PRINCIPALLY BECAUSE IT SEEMS LESS COMPLEX AND IS LESS LIKELY TO APPEAR TO THE OTHER PRINCIPALS AS AN ATTEMPT TO GATHER THE WHOLE OPERATION TIGHTLY UNDER YOUR CONTROL.

I SEEK YOUR GUIDANCE ON THE ORGANIZATIONAL STRUCTURE, FOLLOWING WHICH I WILL TRY TO GET ALL PARTIES INVOLVED ON BOARD BEFORE THE FORMAL ISSUANCE OF A DIRECTIVE.

OPTION A:

MEMORANDUM FOR: THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE DEPUTY SECRETARY OF STATE
THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
THE DIRECTOR, FEDERAL ENERGY OFFICE

SUBJECT: SPECIAL TASK GROUP ON THE INTERNATIONAL
ECONOMIC ASPECTS OF ENERGY

IN VIEW OF THE SIGNIFICANCE OF RECENT CHANGES IN THE INTERNATIONAL ENERGY MARKET, THE PRESIDENT HAS DIRECTED THE ESTABLISHMENT OF A SPECIAL TASK GROUP ON THE INTERNATIONAL ECONOMIC ASPECTS OF ENERGY. THIS TASK GROUP, WHICH WILL BE CHAIRED BY THE DEPUTY ASSISTANT TO THE PRESIDENT FOR INTERNATIONAL ECONOMIC AFFAIRS, WILL BE RESPONSIBLE FOR FORMULATING POLICY INITIATIVES IN THIS AREA AND FOR ENSURING THAT THE NECESSARY SUPPORTING ANALYSIS IS CARRIED OUT. ITS MEMBERSHIP WILL CONSIST OF REPRESENTATIVES OF THE ADDRESSEES. REPRESENTATIVES OF OTHER AGENCIES MAY BE INVITED TO PARTICIPATE, AS APPROPRIATE. THE TASK GROUP WILL MEET AS NECESSARY AT THE REQUEST OF THE CHAIRMAN.

THE PRESIDENT HAS ALSO DIRECTED THAT THE UNDER SECRETARIES' COMMITTEE SHALL BE RESPONSIBLE FOR ENSURING IMPLEMENTATION OF U.S. POLICY IN THIS AREA. WHEN MEETING FOR THIS PURPOSE, THE UNDER SECRETARIES' COMMITTEE SHOULD BE CHAIRED BY THE UNDER

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SECRETARY OF STATE FOR SECURITY ASSISTANCE.
HENRY A. KISSINGER

OPTION B:

MEMORANDUM FOR: THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF THE INTERIOR
THE DEPUTY SECRETARY OF STATE
THE DIRECTOR, CENTRAL INTELLIGENCE AGENCY
THE CHAIRMAN, ATOMIC ENERGY COMMISSION
THE CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS
THE DIRECTOR, FEDERAL ENERGY OFFICE
THE ASSISTANT TO THE PRESIDENT FOR
INTERNATIONAL ECONOMIC POLICY

SUBJECT: SPECIAL INTERDEPARTMENTAL GROUP ON THE
INTERNATIONAL ASPECTS OF ENERGY

THE PRESIDENT HAS DIRECTED THE ESTABLISHMENT OF A SPECIAL INTERDEPARTMENTAL GROUP ON THE INTERNATIONAL ASPECTS OF ENERGY CHAIRED BY THE ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS. THE SPECIAL GROUP WILL BE RESPONSIBLE FOR THE FORMULATION OF POLICY RECOMMENDATIONS TO THE PRESIDENT IN THE INTERNATIONAL ENERGY AREA. MEMBERSHIP WILL CONSIST OF REPRESENTATIVES OF THE ADDRESSEES. REPRESENTATIVES OF OTHER AGENCIES WILL BE INVITED TO PARTICIPATE AS APPROPRIATE.

A SUB-COMMITTEE OF THE INTERDEPARTMENTAL GROUP SHALL ALSO BE ESTABLISHED TO DEAL WITH ECONOMIC POLICY RELATING TO ENERGY. THE SUBCOMMITTEE SHALL BE CHAIRED BY THE DEPUTY ASSISTANT TO THE PRESIDENT FOR INTERNATIONAL ECONOMIC AFFAIRS. IT SHALL KEEP UNDER REVIEW THE INTERNATIONAL ENERGY SITUATION, SPECIFICALLY ITS IMPACT ON THE WORLD ECONOMY, AND ITS IMPLICATIONS FOR AND LINKAGES TO US ECONOMIC POLICIES AND PROGRAMS. IT WILL BE RESPONSIBLE FOR FORMULATING POLICY RECOMMENDATIONS IN THIS FIELD.

THE INTERDEPARTMENTAL GROUP SHALL ALSO ESTABLISH A SUB-COMMITTEE ON POLICY IMPLEMENTATION AND OPERATIONS TO BE CHAIRED BY THE UNDER SECRETARY OF STATE FOR SECURITY ASSISTANCE. THE SUB-COMMITTEE WILL BE RESPONSIBLE FOR THE IMPLEMENTATION OF POLICY, INCLUDING INTERDEPARTMENTAL COORDINATION, AND THE PREPARATION OF THE US POSITIONS FOR INTERNATIONAL MEETINGS AND CONFERENCES.

HENRY A. KISSINGER

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